



Central Asia Regional Economic Cooperation Program



FROM LANDLOCKED **TO LINKED IN**



Central Asia Regional Economic Cooperation Program

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Third edition 2014

Printed in the Philippines

ISBN 978-971-561-906-6

Cataloging-in-Publication Data

Asian Development Bank.

From landlocked to linked in : The Central Asia Regional Economic Cooperation Program
Mandaluyong City, Philippines: Asian Development Bank, 2012.

1. Central and West Asia. 2. Regional Cooperation. I. Asian Development Bank.

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Abbreviations

CAREC Central Asia Regional Economic Cooperation

CFCFA CAREC Federation of Carrier and Forwarder Associations

CPMM Corridor Performance Measurement and Monitoring

km kilometer

PRC People's Republic of China

RIBS Regional Improvement of Border Services

WTO World Trade Organization



CAREC Program

The Central Asia Regional Economic Cooperation (CAREC) Program is a partnership of 10 countries supported by six multilateral institution partners. They are working together to promote development, trade, and commerce throughout the Eurasian landmass.

Increasing integration between the People's Republic of China (PRC) and Japan to the east, the Russian Federation to the north, and India and Pakistan to the south, is leading to unprecedented opportunities for Central Asian countries to grow. CAREC is helping make that growth happen by facilitating regional transport and trade, and improving trade policy.

From 2001 to 2014, the program invested \$24.6 billion in regional infrastructure and initiatives to promote connectivity and trade, helping the mostly landlocked countries reach out to global markets. The deepening regional trade links are also opening up previously unexploited resources, including huge energy resources.

Infrastructure rollout has increased the mobility of people and goods, and laid the foundation

for ongoing improvements in living standards of 300 million people across Central Asia's vast geography.

CAREC employs a simple rating system to monitor outputs in four priority sectors, building a comprehensive picture of how projects and activities are changing lives. Results on the ground are compared with stated annual targets—such as kilometers of roads and railways built, energy transmission lines laid, or improvements in development indicators—and show clearly where the program is on track or falling short of goals and objectives. Transparent monitoring and identification of issues and challenges through an annual effectiveness review make it possible for CAREC to correct its course if needed, and maximize the program's impact.

The spirit of trust and confidence that has emerged after more than a decade of shared action by good neighbors and partners is resulting in better prospects for all.

The Asian Development Bank (ADB) has served as the CAREC Secretariat since 2001.

Good neighbors, good partners, good prospects

The CAREC countries

- Afghanistan
- Azerbaijan
- People's Republic of China
- Kazakhstan
- Kyrgyz Republic
- Mongolia
- Pakistan
- Tajikistan
- Turkmenistan
- Uzbekistan

The CAREC multilateral institution partners

- Asian Development Bank
- European Bank for Reconstruction and Development
- International Monetary Fund
- Islamic Development Bank
- United Nations Development Programme
- World Bank

Increased Investment, Wider-Ranging Actions

From a modest start just over a decade ago, CAREC has evolved into a comprehensive program of practical, results-based regional projects and policy initiatives that are crucial to trade and sustainable development.

The number and value of CAREC projects—including loans and grants—have grown from 6 projects worth \$247 million in 2001 to 158 projects worth about \$24.6 billion in 2014.

After first focusing on investment in transport, the program has gradually expanded to embrace wider-ranging strategies for tackling trade, trade policy, and energy challenges. By recognizing the scale of opportunities to break down barriers and share resources, CAREC has harnessed the power of regional cooperation, helping build a global future.

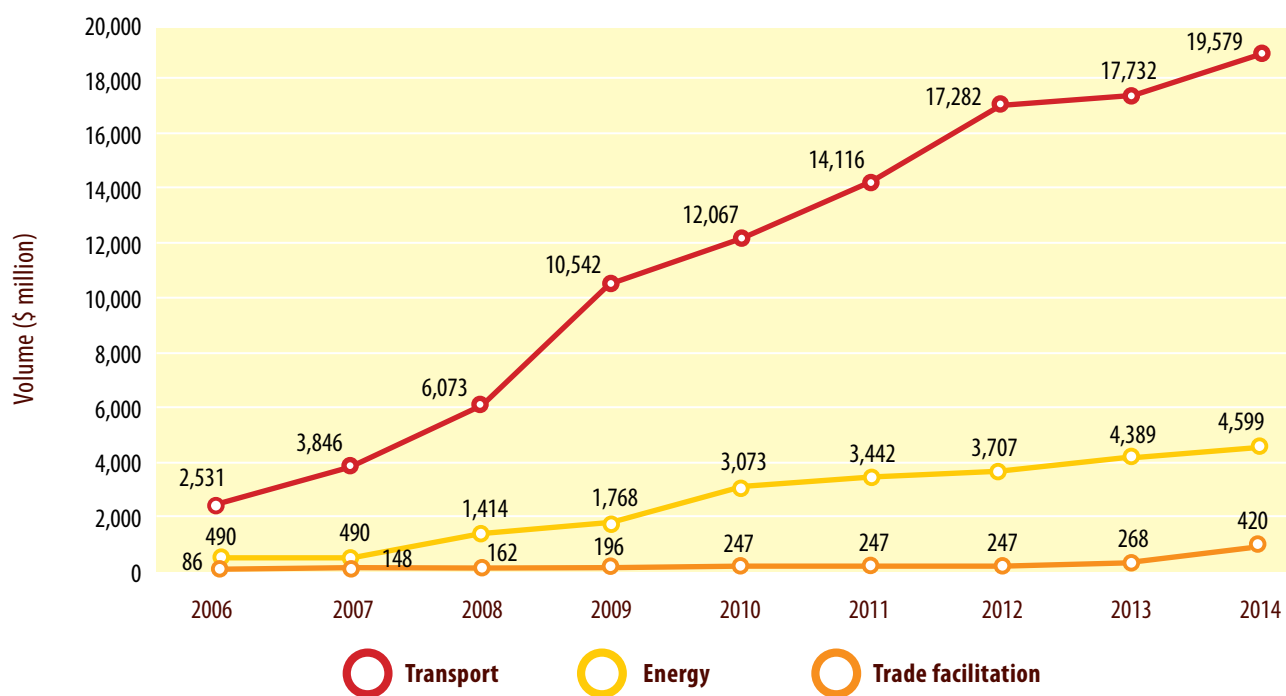
Sharing Knowledge and Experience

Key to overall success is the CAREC Institute, which works hand in hand with the groups and committees responsible for guiding and implementing the program in each priority area. Established in 2006, the institute is a hub for building knowledge networks and sharing experience, enhancing the strategic and technical advice that the six multilateral institution partners provide to ensure that investments achieve the best possible results.

Regional cooperation is a powerful planning tool for countries to get national projects with regional benefits off the ground. CAREC is deepening that collective engagement, which will be more and more important in dealing with the challenges of an increasingly integrated global economy.

See CAREC's annual performance snapshot: *The Development Effectiveness Review*
www.carecprogram.org/index.php?page=carec-development-effectiveness-review

Figure 1: Volume of Approved CAREC-Related Projects, by Sector, Cumulative since 2001

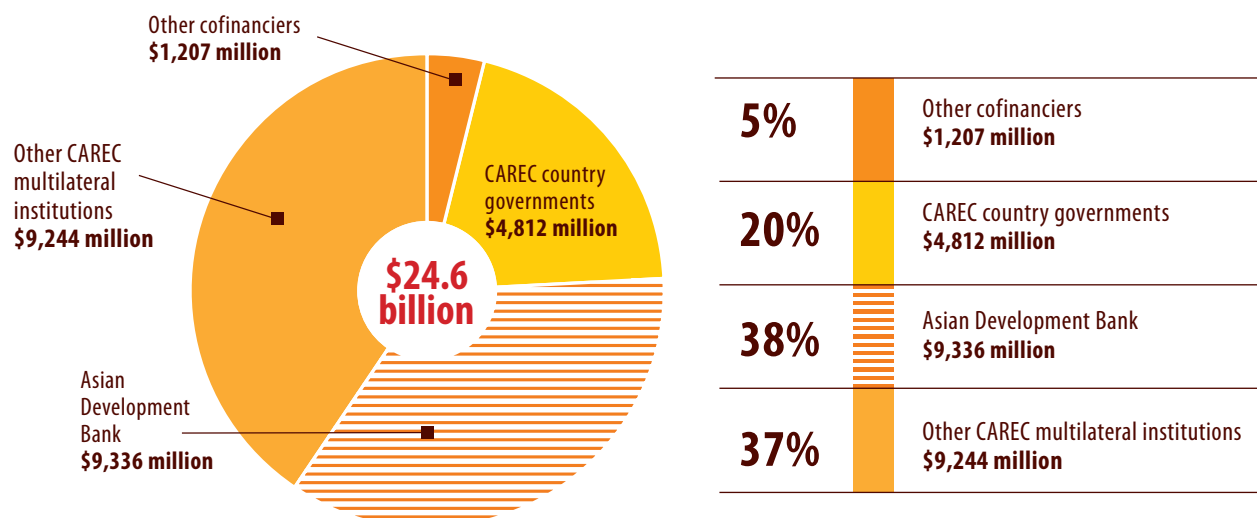


CAREC = Central Asia Regional Economic Cooperation.

Source: CAREC Program Portfolio.

Figure 2: Loans and Grants: Amount by Source, 2001 to 2014

(\$ million)



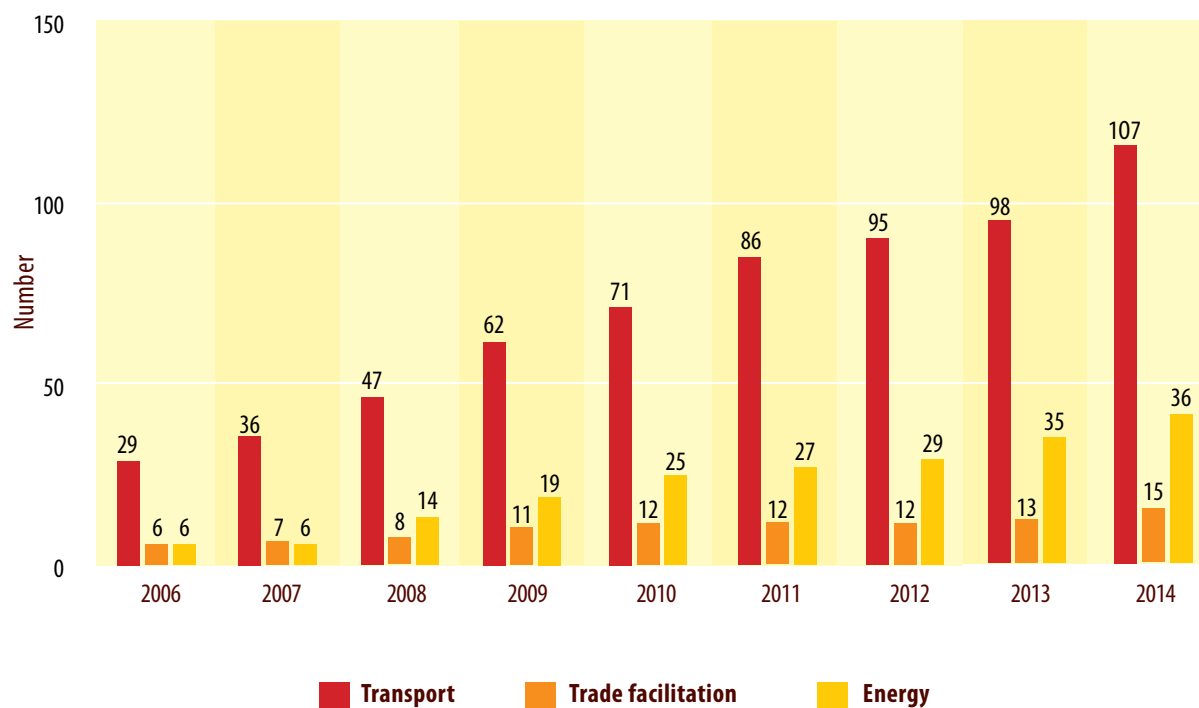
CAREC = Central Asia Regional Economic Cooperation.

Source: CAREC Program Portfolio, including all multilateral institution partners. Figures may not add up due to rounding.

Read the CAREC 2020 Strategic Framework

www.carecprogram.org/index.php?page=carec2020-strategic-framework

Figure 3: Number of Approved CAREC-Related Projects, Cumulative since 2001



CAREC = Central Asia Regional Economic Cooperation.

Source: CAREC Program Portfolio, including all multilateral institution partners.

CAREC 2020: Focus, Action, Results

CAREC 2020 is the strategic framework for the program's second decade. It aims to turn landlocked nations into land-linked economies. To achieve its two distinct objectives of expanding trade and improving competitiveness, the strategy employs focused, action-oriented, and results-driven regional projects and initiatives centered on transport, trade facilitation, trade policy, energy, and the development of economic corridors.

Ever closer partnerships between CAREC and national implementation agencies, along with efforts to increase private sector participation, have strengthened the results orientation of the program, which emphasizes strong country ownership, pragmatic approaches, and mutual accountability.

Transport, trade facilitation, trade policy, and energy became the four priority areas for cooperation in 2006. The benefits are already clear, with people and goods moving more freely through their own and neighboring countries. Increased trade is also creating opportunities that are raising living standards.

Transport, the most capital-intensive of the priority areas, has received the lion's share of targeted financing for infrastructure since the 2007 introduction of six CAREC road and rail corridors. This 29,350-kilometer (km) transport network connects markets in the north of the PRC with Azerbaijan in the Caucasus—providing access to Europe—and also stretches from Kazakhstan to Pakistan's sea ports and beyond.

But better transport links alone are not enough to realize the CAREC vision. Countries are working together to move people, goods, and vehicles across borders faster, and more efficiently and cheaply. They are securing the energy needed to grow their economies by developing infrastructure and embarking on ambitious plans for mutually

beneficial trade in electricity. Regional cooperation is also expanding commercial opportunities by simplifying and liberalizing trading regimes, breaking down policy barriers that were put in place by successor states established when the Soviet Union dissolved more than 2 decades ago.



PROGRAM STRATEGIES AND ACHIEVEMENTS



TRANSPORT

The plan to link Central Asia to global markets has already led to the construction and rehabilitation of 7,672 km of quality road and rail links between key cities and towns, also connecting innumerable communities along routes that often trace the ancient Silk Road.

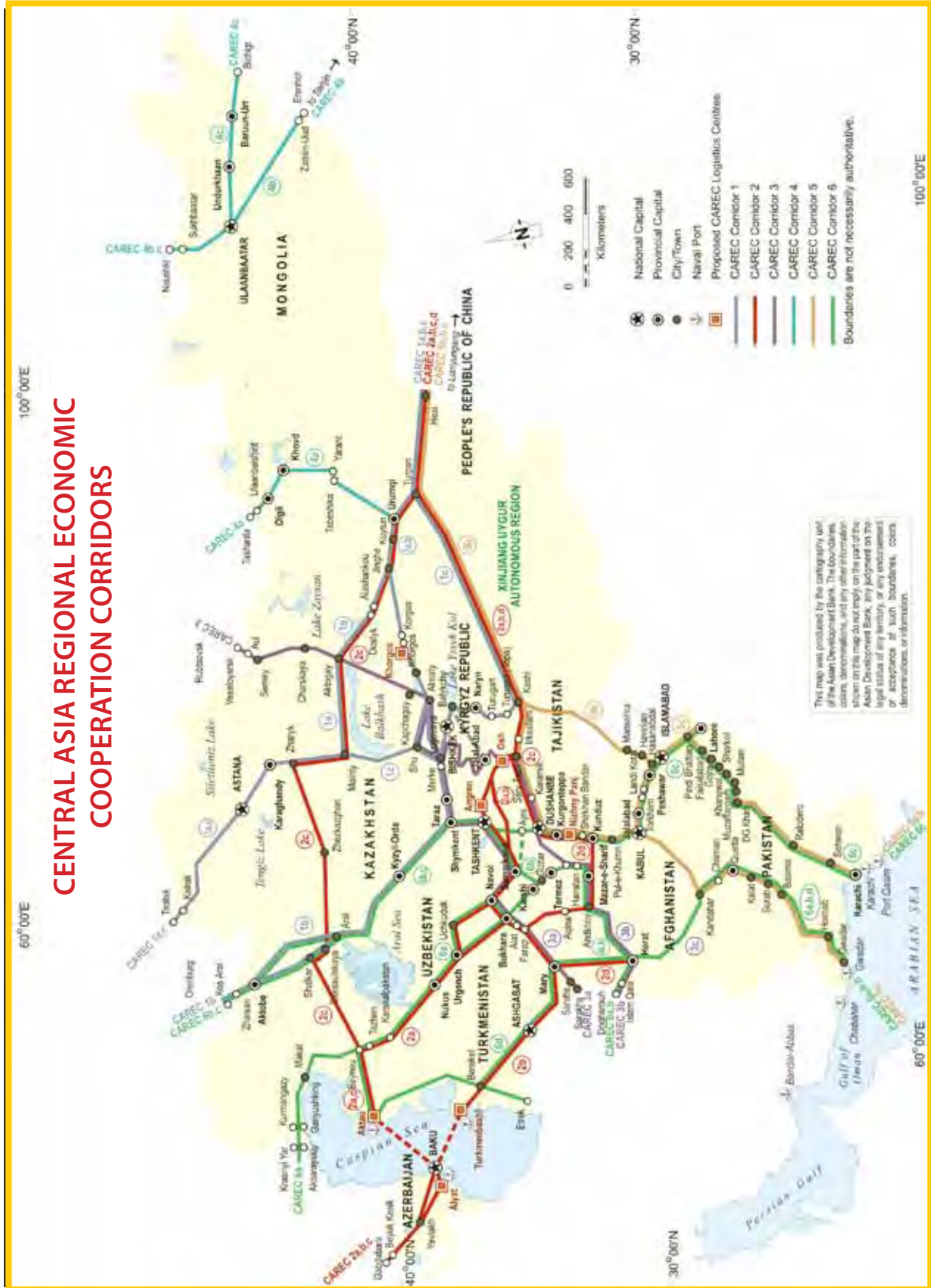
Almost \$19.6 billion had been invested from 2001 to 2014 in 107 CAREC-related transport projects along the six CAREC corridor routes, where the potential for economic development and

returns is greatest. At the end of 2014, 70 of the projects were ongoing.

Priority infrastructure work along the six corridors is now focused on the construction and upgrade of roads and rail lines. The aim is to create a seamless transport network by 2020. By 2013, about 4,970 km of roads along the six corridors, and 3,190 km of railway construction and rehabilitation had been completed.

Source: CAREC Transport Sector Progress Report (Senior Officials' Meeting, 26-27 June, 2014). http://www.carecprogram.org/uploads/events/2013/SOM-Oct-KAZ/002_102_206_Transport-Sector-Progress-report-and-Work-Plan.pdf

CENTRAL ASIA REGIONAL ECONOMIC COOPERATION CORRIDORS



The Way to Go

The rebuilt and upgraded CAREC roads have improved living standards. The Third Road Rehabilitation Project, connecting Corridors 1, 2, and 3, has cut journey times between the Kyrgyz Republic capital, Bishkek, and the southern city of Osh—the country's second largest—by as much as a third. The number of households using motorized transport has also doubled. Tangible progress was already evident in 2006, with 20% more people able to commute to work than in 2004.

Gains were also achieved by improving the main road corridor for Azerbaijan's non-oil trade, and by strengthening its national road organization. The Azerbaijan Highway Project rebuilt or upgraded 94 km of road between Ganja and Gazakh, which forms part of Corridor 2. Travel times were reduced by 33% along the Shamkir–Gazakh section of the highway, and 14,000 people benefited from improvements to local roads. The resulting fall in transport costs has led to increased freight and passenger traffic.

Similar outcomes were reported for Tajikistan's Road Rehabilitation Project (connecting Corridors 3 and 5), with a 25%–30% increase in private travel and freight traffic. Better roads have also led to less damage and lower costs for consumers. In 2006, a 20% growth in small businesses in the project area was also reported.

The building of the first railway in Afghanistan, a 75 km single-line track between Hairatan, on the bustling Uzbekistan border, and Mazar-e-Sharif—Afghanistan's second largest city—presents a vivid example of what cooperation between neighbors in CAREC can achieve. The project is the first phase of a larger rail network planned for Afghanistan, including links to the city of Herat and to Tajikistan and Pakistan, adding capacity to Corridors 3 and 6, and opening up alternative trade routes. Meanwhile, reconstruction of Afghanistan's ring road is creating easier access to southern markets.

CAREC = Central Asia Regional Economic Cooperation, **km** = kilometer.

Source: ADB. 2009. Validation Report. Kyrgyz Republic: Third Rehabilitation Project. Manila; ADB. 2010. *Performance Evaluation Report. Kyrgyz Republic: Road Rehabilitation Project, Second Road Rehabilitation Project, and Third Rehabilitation Project*. Manila; CAREC. 2010. *Development Effectiveness Review: Building the Baseline 2009*. Manila: ADB.

The proposed investment projects under the CAREC Transport and Trade Facilitation Strategy (TTFS) 2020 are estimated at 38 for road, 17 for rail, 5 for civil aviation, 2 for ports and shipping, 6 for logistic centers, and 13 for trade facilitation.

Further measures are being undertaken to overcome the nonphysical barriers to the cross-border movement of goods, vehicles, and people. These include making cross-border transport operations more efficient by eliminating bottlenecks

such as laws, regulations, administration, and paperwork.

These changes will help transform transport corridors into economic corridors. An economic corridor is a geographic area centered on a transport artery that offers concentrated commercial activities, with opportunities for business, tourism, and other socioeconomic activities.

Governments are eliminating bottlenecks such as laws, regulations, administration, and paperwork that hinder cross-border transport

Among the key challenges for the future of transport in Central Asia is the need to identify new infrastructure opportunities and find funding for a well-planned road maintenance program. Nonphysical barriers need to be lowered as quickly as possible to maximize the benefits of infrastructure investments. Under CAREC 2020, trade and transport facilitation are prerequisites for transforming the six corridors from transport routes into corridors that provide economic opportunities across all the nations they span.

Key Transport and Trade Facilitation Goals

- Average speed to travel a 500 km corridor section increases by 30% to 30 km/h by 2020 from 23.5 km/h in 2010
- 35% decrease in time to clear border-crossing points, to 5.7 hours by 2020 from 8.7 hours in 2010
- 7,800 km of expressways or national highways built or improved by 2020
- 1,800 km of new railways and 2,000 km of railway track renovation, electrification, or signalization completed by 2020
- 60% of CAREC road corridors maintained to an international roughness index of less than 4 meters per kilometer by 2020

CAREC = Central Asia Regional Economic Cooperation.

Source: CAREC Transport and Trade Facilitation Strategy 2020. Endorsed at the 12th Ministerial Conference in Astana, Kazakhstan. 24 October 2013.

Nonphysical barriers need to be lowered as quickly as possible to maximize the benefits of infrastructure investments

Transport Results

- 85% of the total length of CAREC corridors classified as being in good condition, surpassing the 2013 target of 80%
- 4,970 km roads built or upgraded
- 3,190 km of railway lines built and rehabilitated
- The refined CAREC Transport and Trade Facilitation Strategy 2020 approved at the 12th Ministerial Conference, in Astana, Kazakhstan
- The Transport and Trade Facilitation Strategy Implementation Action Plan comprises 108 investment projects of \$38.8 billion and 48 technical assistance projects of \$74.6 million

Source: CAREC Transport Sector Progress Report. http://www.carecprogram.org/uploads/events/2013/SOM-Oct-KAZ/002_102_209_CAREC-Transport-Sector-Progress-Report.pdf

See CAREC's Transport Projects in detail
www.carecprogram.org/index.php?page=transport-projects



TRADE FACILITATION

The CAREC countries have made great strides in moving people, goods, and vehicles faster across borders and at less cost. Without the determined measures taken to reform and modernize border management, the effectiveness of transport corridors would be severely diminished.

Under the refined CAREC Transport and Trade Facilitation Strategy 2020, simplified regulations and automated procedures to improve border management are steadily being put in place, with information on time and cost savings shared between government agencies, road carriers, and freight forwarders. Customs codes that incorporate good practice as elaborated in the World Customs Organization's Revised Kyoto Convention are being adopted, and improvements to infrastructure at border-crossing points are being introduced together with effective risk-management systems. These measures are helping reduce the amount of time consumed by border-crossing formalities. Joint customs control pilot projects being undertaken by CAREC neighbors complement these efforts.

Pilot projects using bilingual, harmonized cargo manifests have been conducted at the PRC–Kazakhstan border since 2007 and at the PRC–Mongolia border since 2009, with highly positive results. Use of the harmonized manifests has helped reduce time and cost for traders and reduce incidences of customs violations. Data accuracy has improved. The scope of such pilot projects is therefore being expanded: under the Regional Improvement of Border Services (RIBS) project, Tajikistan and the Kyrgyz Republic have committed to introduce joint customs control at selected border-crossing points.

Several CAREC countries are in the process of developing single-window facilities that will eventually allow traders to lodge information just one time via a single portal to fulfill all import- and export-related regulatory reporting requirements. Ultimately, national single windows will exchange information regionally, expediting transnational journeys on CAREC corridors. RIBS is helping make this possible by developing single-window facilities and improving infrastructure at border-crossing points. Corridor Performance Measurement and Monitoring (CPMM) data and information gathered by members of the CAREC Federation of Carrier and Forwarder Associations (CFCFA), formed in 2009, reveal where and why trade blockages occur. CFCFA's members report that customs clearance, border

security, transport inspections, and the application of sanitary and phytosanitary measures were the most frequent causes of delay.

Continued monitoring of time–cost–distance data gathered under CPMM will document the achievement of targets and objectives set forth in the refined CAREC Transport and Trade Facilitation Strategy 2020. Guided by CPMM, Time Release Studies to be conducted by CAREC countries will help integrate customs measures with the efforts of government agencies and support the design of public–private partnerships. The aim is to develop efficient trade logistics services with reliable, well-maintained infrastructure.

Recognition is growing that the key to success is improved public–private dialogue: one possible mechanism to pursue this objective may be the equal participation of private logistics and freight-forwarding associations, as well as government

agencies in charge of transport, trade, and border-crossing activities in national joint transport and trade facilitation committees, where appropriate. Seminars, workshops, and technical training sessions on priority areas for customs and trade facilitation have been held to increase the professionalism, efficiency, and quality of CAREC road carriers, freight forwarders, and logistics companies. Customs officials in specialist areas, such as the automation of customs procedures, and customs intelligence, have also participated.

Customs administrations are changing: once oriented toward control, they are now beginning to facilitate compliance. By supporting investments in infrastructure, simplification of border management procedures, and development of an efficient logistics industry, CAREC partners are helping businesses save time and money, and making them competitive with the rest of the world.


Simplified regulations and automated procedures for harmonizing customs procedures are steadily being put in place

Trade Facilitation Results

- Joint customs control between the PRC and Mongolia pilot-tested
- Customs processes being automated in most CAREC countries
- Corridor performance measurement and monitoring instituted—and trade facilitation indicators developed—to assess and evaluate corridor efficiency
- 21-member CAREC Federation of Carrier and Forwarder Associations (CFCFA) active throughout the region
- \$419.9 million mobilized by CAREC since 2002 for 15 projects to support growth in trade
- Clearing times at border-crossing points in the first half of 2014 up 76% compared with the same period in 2013, to an average of about 15 hours
- Transit costs at borders in the first half of the year 2014 down 28% compared with 2013, to an average of \$180
- The fastest crossings in the first half of year 2014 achieved along Corridor 1, with an average clearing time of 2.7 hours; shortest time of 5 minutes recorded at Kairak in Kazakhstan and 1 minute at Troitsk in Russia (for traffic exiting Kazakhstan) due to Customs Union-related abolition of customs formalities at internal borders.

Know more about CFCFA and corridor performance measurement and monitoring results
www.cfcfa.net

Access the CAREC trade facilitation portfolio
www.carecprogram.org/index.php?page=trade-facilitation-projects



The vision for the sector is to ensure energy security, efficiency, and economic growth across the region

ENERGY

Central Asia's rich fossil-fuel reserves and water resources make the region one of the world's most important energy centers. CAREC's projects and initiatives offer regional and national approaches to unblocking these resources, which are essential to overcome current uneven distribution and seasonal variations in supplies.

The vision for the sector is to ensure energy security, efficiency, and economic growth across the region by stimulating trade in power supplies. The program has mobilized around \$4.6 billion since 2001 for 36 projects, most of them aimed at expanding bilateral electricity trade and improving the regional power network. At the end of 2014, 23 of the projects will be ongoing. Over \$51.82 million in technical assistance has also flowed into the region since 2001.*

Achievements include increased generation capacity, rehabilitation and construction of new transmission assets, modernization of power systems, knowledge sharing, and the adoption of key policy measures such as a regional power sector master plan, and efforts to promote a region-wide power grid.

The potential of regional cooperation to change people's lives can be seen in cross-border energy trade. In 2013, for example, 1,296 gigawatt hours of power from Uzbekistan were supplied to Kabul, the capital of Afghanistan, providing many of the city's 5 million people with a continuous electricity supply for the first time in decades.

Similarly, in 2013, 939 gigawatt hours of summer surplus electricity from Tajikistan were supplied to Afghanistan via the 220-kilovolt transmission line. This line was constructed through the Regional Power Transmission Interconnection Project completed in May 2011.

This electricity benefits about 1.5 million people in the northern part of the country. In addition, 396 gigawatt hours of power were imported by Afghanistan from Turkmenistan in 2013.

Transmission lines stretching 2,322 km have been completed as a direct output of CAREC-related projects. An estimated 755 km of high-voltage overhead transmission lines will be installed or upgraded by 2015, with CAREC's results framework tracking this goal and reporting progress.

Improvements in energy efficiency and regional connectivity are results expected from the Talimarjan power plant, 440 km southwest of Tashkent, the capital of Uzbekistan, where Uzbekenergo, the state-run power utility, is building Central Asia's first 929-megawatt combined cycle gas turbine power plant. It is expected to be completed by 2015 with CAREC support.

* 2014 figures are indicative.

The CAREC Energy Action Plan, approved in 2009, emphasized the expansion of integrated generation and transmission infrastructure to meet power needs and promote new resources. In 2012, the Energy Work Plan 2013–2015 was adopted to ensure effective and timely achievement of the strategic objectives laid out in CAREC 2020, and has six actionable elements to implement sector operational priorities:

- Element 1. Developing the Central Asia–South Asia energy corridor
- Element 2. Resolving regional energy dispatch and trade issues
- Element 3. Managing energy–water linkages
- Element 4. Mobilizing funds for building energy assets
- Element 5. Implementation of energy sector priority projects
- Element 6. Capacity building and knowledge management

In accordance with CAREC’s strategic vision, the Energy Work Plan will establish the foundations for energy security over the next decade through regional cooperation, exploiting the potential for intraregional trade, while promoting more efficient, renewable energy. Substantial effort is being put into promoting interregional trade in electricity between Central Asia and South Asia.

CAREC’s multilateral institution partners are conducting studies on energy supply and demand, along with the regional regulatory environment.

Regional Power Master Plan

A master plan has been developed to overcome the infrastructure constraints on trade in electricity. The goal is to end a common problem in which one part of the region has more energy than it needs while others are in short supply. The plan aims to share the supply of power between Kazakhstan, the Kyrgyz Republic, Tajikistan, Uzbekistan—the Central Asian power system—and Afghanistan. It also aims to integrate the expansion of generation and transmission of power, while promoting regulations and policies that support its trade.

Afghanistan Power Sector Master Plan

The master plan was developed to support the Government of Afghanistan in identifying power sector deficiencies and systematically prioritizing the sector’s rehabilitation needs. The objective is to optimize and integrate transmission, and expand generation, to promote interregional electricity trade, improve energy security and efficiency, and reduce greenhouse gas emissions. It also aimed to increase the capacity of the Ministry of Energy and Water to a level at which the ministry can analyze the country’s power sector needs without the help of a third party.

Source: CAREC. 2013. *Development Effectiveness Review 2012: Implementing CAREC 2020—Vision and Action*. Manila: ADB; S. Grunwald, L. Oprea, and R. Epping. 2012. *CAREC: Power Sector Regional Master Plan*; ADB. 2013. *Power Sector Master Plan: Afghanistan*. Manila: ADB

Over 2,600 gigawatt hours of power from Turkmenistan, Uzbekistan and Tajikistan supply residents and industries in Afghanistan

Energy Results

- 2,322 km of transmission lines installed or upgraded
- Afghanistan Power Sector Master Plan completed
- Central Asia Power Master Plan study completed
- Power Sector Regional Master Plan quarterly reports issued
- Generation and transmission needs, and opportunities identified in Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan

Know more about the CAREC energy portfolio

www.carecprogram.org/index.php?page=energy-projects



TRADE POLICY

Trade is critical to all CAREC economies. As they are mostly landlocked nations rich in resources—natural or otherwise—their ability to efficiently interact with world markets is critical to achieving sustainable economic growth.

Through the Trade Policy Strategic Action Plan, CAREC seeks to boost trade by helping countries take concrete steps to dismantle policy barriers and achieve World Trade Organization (WTO) membership.

The action plan aims to simplify and liberalize national trade regimes within a reasonable timeframe, improving the investment climate across Central Asia. Specific initiatives include uniformly applying value-added and excise taxes on domestically produced and imported goods, cutting tariffs, and eliminating quantitative restrictions on exports and imports.

CAREC is also helping government officials build skills and stay up to date on international best practices in trade policy. Training and information exchanges improve the institutional environment

for policies that increase intra- and interregional trade volumes.

Regional knowledge forums and joint monitoring of the implementation of the Trade Policy Strategic Action Plan (TPSAP) play their part in moving CAREC toward its goals and targets. The implementation of the TPSAP 2008–2012 was monitored through a composite indicator—the CAREC Trade Liberalization Index.

The index was based on a questionnaire designed by the program's Trade Policy Coordinating Committee and the International Monetary Fund, tracking CAREC countries' progress over 2009–2012 in reducing or eliminating specific quantitative restrictions and tariffs, and in simplifying trade tax regimes.

CAREC analysis of the Customs Union (CU), conducted in 2012 (Kazakhstan joined the CU in 2010), indicated early evidence of trade diversion (e.g., positive impact on imports from CU countries vs. negative impact on imports from non-CU countries), but the effects of trade creation were not

yet clear. Nonetheless, the arrangement may have a positive long-term impact due to service trade liberalization and investments, improved market access, and lower nontariff barriers.

The WTO Accession Knowledge Sharing Program has been launched, jointly sponsored by ADB and the World Bank, to support trade liberalization. The first three WTO training seminars took place in March, May, and July 2012.

Monitored results in the institutional environment for trade show that, as of 2012, many CAREC countries had achieved progress, but with considerable variations in institutional quality, and most countries have substantial room for improvement.

As policy actions and reforms in trade policy concentrate on building knowledge and capacity, CAREC is supporting greater openness and competition.

The TPSAP 2013–2017 builds on and encompasses the agenda of the previous TPSAP, and expands the agenda into important areas for integrating CAREC countries into the world trading environment: (i) expanding trade in services; and (ii) reducing and rationalizing nontariff measures,

Measures of Openness

Based on data received from CAREC countries, the average value of the Trade Liberalization Index for reporting countries increased from 5.5 in 2010 to 15.2 by the end of 2012, falling below the target of 20.0.

The Kyrgyz Republic was the only country to reach the end-of-2012 target ahead of time. It also exceeded the 2012 target.

CAREC = Central Asia Regional Economic Cooperation.

Source: CAREC. 2013, *Development Effectiveness Review 2012: Implementing CAREC 2020—Vision and Action*. Manila: ADB.

including the trade-impeding impact of sanitary and phytosanitary measures and technical barriers to trade. The new areas are more complex and difficult to address than the old command and control trade barriers that could be implemented simply by policy changes. But the evidence indicates that this is where large gains can be achieved in 21st-century global trading system.

Training and information exchanges improve the institutional environment for policies

Trade Policy Results

- Structured long-term approach taken to training and sharing of experience for World Trade Organization (WTO) accession
- The new Trade Policy Strategic Action Plan 2013–2017 is approved, focusing on continued trade liberalization, accession to WTO, and greater trade in services
- Customs Union of Belarus, Kazakhstan, and the Russian Federation analyzed
- Trade liberalization targets exceeded in 2012 by Afghanistan, Azerbaijan, Kazakhstan, and the Kyrgyz Republic
- An enhanced institutional quality index being developed to better monitor improvements in the trade policy environment

Read about CAREC trade policy studies

www.carecprogram.org/index.php?page=trade-policy-studies

Know more about trade policy-related events

www.carecprogram.org/index.php?page=trade-policy-related-events

A NETWORK FOR COOPERATION

In 2011, CAREC celebrated its first decade as one of the most successful regional cooperation programs in Asia. CAREC 2020 will be the road map for expanding trade and increasing global competitiveness through the second decade of regional cooperation.

Buttressing CAREC 2020 is a rolling list of priority investments and technical assistance projects for 2011–2020. CAREC has identified the remaining necessary projects to be implemented through 2017 and beyond to complete the upgrading of the six CAREC corridors.

Under CAREC 2020, countries own the projects and integrate them into their national development plans. To raise needed resources, existing partnerships with multilateral institutions will be strengthened and broadened to include bilateral donor agencies and the private sector.

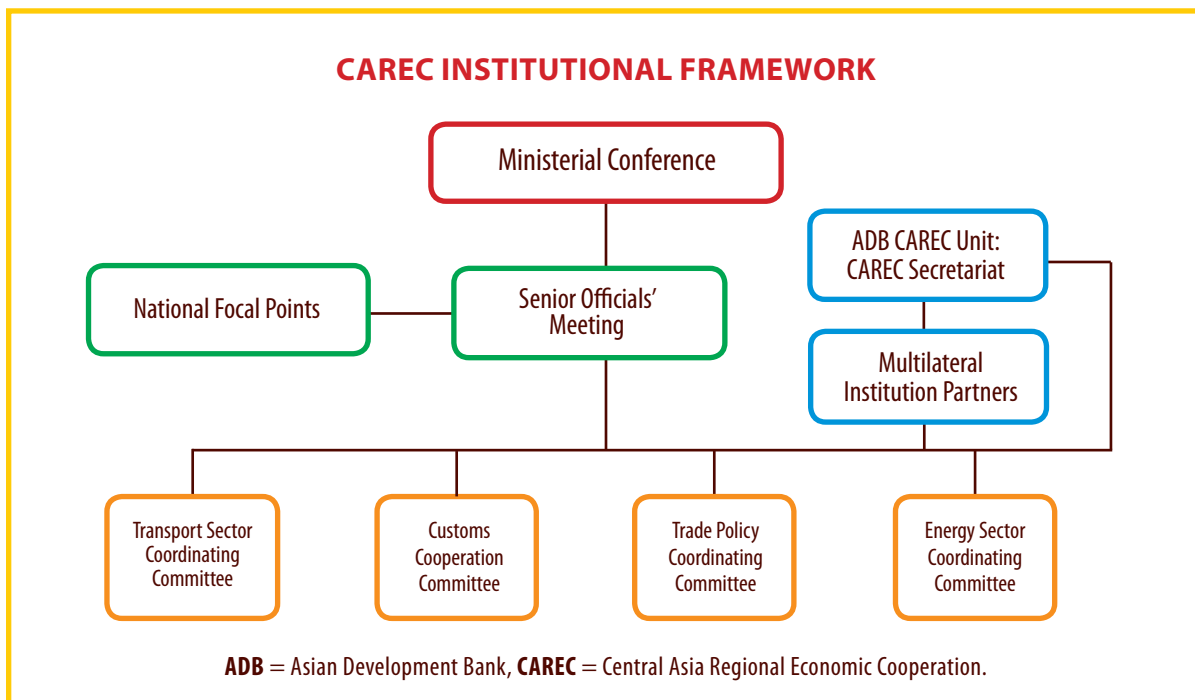
Allied to the institutional set up, the CAREC Institute plays a vital role in stimulating cooperation, as well as providing an analytical underpinning for the program. The institute helps build knowledge networks so that all involved, from national agencies to private partners, can share and learn from their experiences, and apply international best practices in all CAREC initiatives.

The institute also coordinates information sharing in secondary areas of mutual interest to CAREC partners—the regional public goods that impact all countries, including communicable disease control, disaster risk management, and climate change.

Under the 2020 strategy, the CAREC Institute will be reenergized to support the priority sectors as well as second-tier areas such as communicable disease control, disaster risk management, and climate change proofing, among others. The 12th Ministerial Conference approved establishing a physical base for the CAREC Institute in Urumqi, Xinjiang Uygur Autonomous Region, PRC.

CAREC's sector coordinating committees will continue to closely monitor the progress of projects, and senior officials will assess CAREC's development effectiveness annually, using the CAREC results framework. The framework will be improved by introducing indicators for CAREC 2020's strategic objectives of trade expansion and improved competitiveness to help strengthen the link between CAREC's sector outputs and its envisaged impacts—to revitalize economies and improve the quality of life for all.





Work in each priority sector is led by a sector coordinating committee consisting of representatives from CAREC countries and multilateral institution partners. The coordinating committees provide their outputs to senior officials' meetings, which assess opportunities from a regional perspective and determine options for the program's direction.

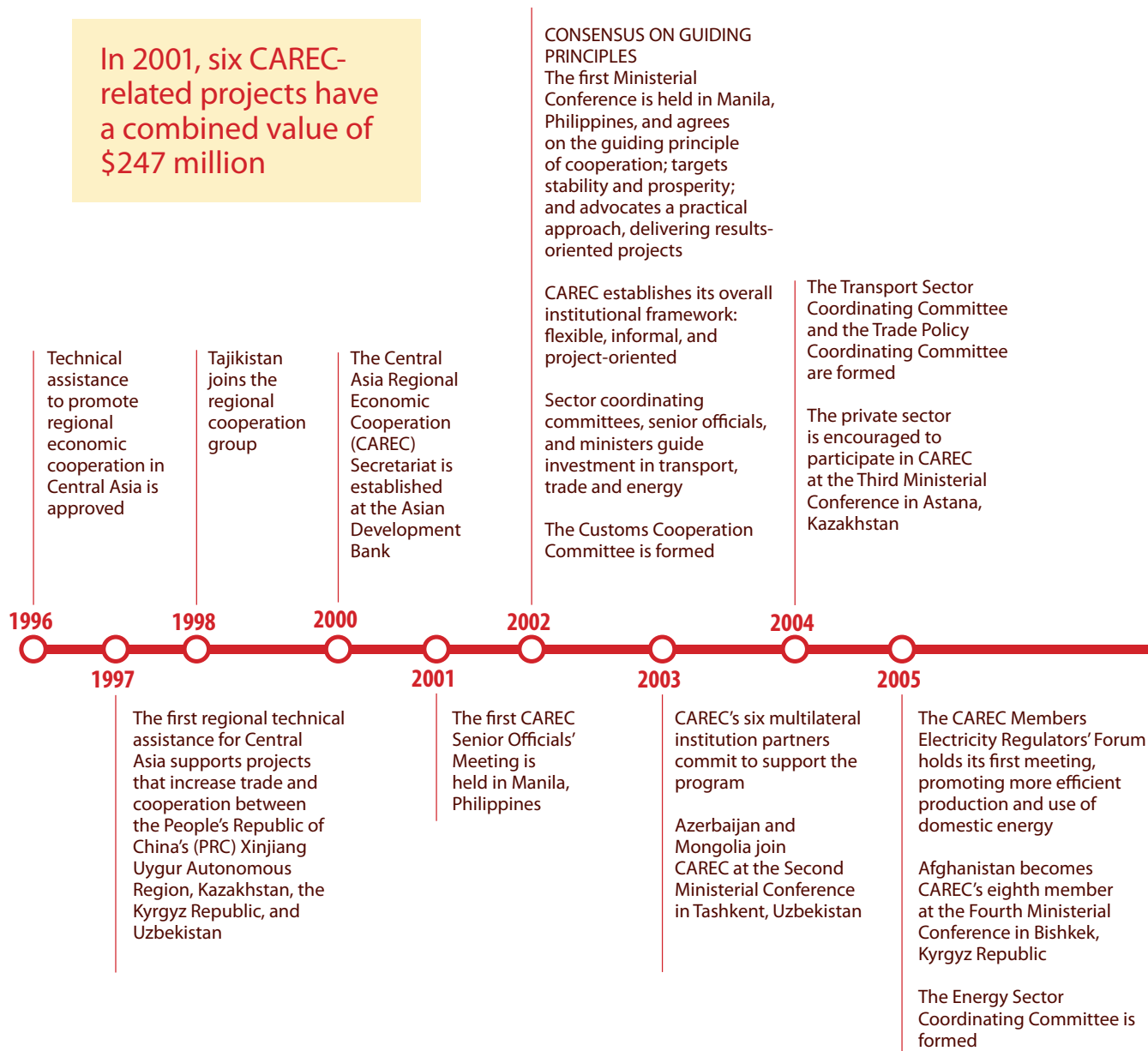
An annual ministerial conference provides overall guidance and sets policy and strategic directions and goals.

Each CAREC country has appointed a senior government official as a CAREC national focal point to ensure effective coordination between government agencies and private organizations in matters related to regional economic cooperation. ADB is the program's secretariat.

Source: CAREC. *CAREC 2020: A Strategic Framework for the Central Asia Regional Economic Cooperation Program 2011–2020*. Manila: Asian Development Bank, 2012. www.carecprogram.org/uploads/docs/CAREC-Publications/2012/CAREC-2020-Strategic-Framework.pdf

CAREC Timeline 1996–2014

In 2001, six CAREC-related projects have a combined value of \$247 million



In 2006, the program's 41 projects have a combined value of \$3.1 billion, yielding measurable results

CAREC adopts the Comprehensive Action Plan and calls for sector strategies and action plans to guide cooperation in transport, trade facilitation, energy, and trade policy

The plan calls for the formation of a virtual CAREC Institute to improve cooperation through capacity building, research, and outreach

The first Business Development Forum brings business leaders and policy makers together to find ways of reducing impediments to regional cooperation and development

The Fifth Ministerial Conference is held in Urumqi, PRC

The Inner Mongolia Autonomous Region of the PRC is brought into the CAREC partnership

Six transport corridors become CAREC's flagship initiative for spurring economic development

The Trade Policy Strategic Action Plan is endorsed to help member economies open and liberalize trade regimes and support accession to the WTO

The Strategy for Regional Cooperation in the Energy Sector of CAREC Countries breaks ground as the first strategic framework for energy among Central Asian nations

The CAREC Institute work plan for 2009–2011 is endorsed at the Seventh Ministerial Conference, in Baku, Azerbaijan

Pakistan and Turkmenistan join the CAREC partnership

CAREC launches its annual performance monitoring development effectiveness review process

The CFCFA holds its first meeting

The second CAREC Business Development Forum is held in Urumqi, PRC

The first Ministerial Retreat is held at the Ninth Ministerial Conference in Cebu, Philippines

The Transport Sector Coordinating Committee prioritizes 68 projects, amounting to \$23 billion, to complete the six CAREC transport corridors

CAREC partners agree to pursue a practical, results-oriented, and corridor-based approach to facilitate cross-border transport

The Strategic Knowledge Framework provides guidance to transform the CAREC Institute from virtual to physical

The Eleventh Ministerial Conference, held in Wuhan, People's Republic of China, endorses the Wuhan Plan of Action to expedite achievement of the strategic objectives laid out in CAREC 2020

Refined CAREC Development Effectiveness Review methodology better aligned with evolving priorities, sector strategies, and action plans

The governments of Kazakhstan and the Kyrgyz Republic start the Almaty–Bishkek Corridor Initiative as a pilot CAREC economic corridor, and the city administrations of Almaty and Bishkek sign a memorandum of understanding on this first-ever-city-level CAREC regional cooperation activity

Establishment of the Governing Council and launching of the physical base of the CAREC Institute in Urumqi, Xinjiang Uygur Autonomous Region, PRC

2006

2007

2008

2009

2010

2011

2012

2013

2014

The Transport and Trade Facilitation Strategy is endorsed at the Sixth CAREC Ministerial Conference in Dushanbe, Tajikistan

The CAREC Institute Prospectus is endorsed, creating a mechanism to address "second-tier" areas (communicable disease control, environmental issues, and business development); as well as capacity building and research

Private companies establish the CAREC Federation of Carrier and Forwarder Associations (CFCFA)

CAREC Corridor Performance Measurement and Monitoring is launched to assess and evaluate corridor efficiency

The Energy Action Plan Framework and CAREC Program Results Framework are endorsed

The first CAREC Partnership Forum is held

www.carecinstitute.org goes live—a virtual hub for information sharing and research collaboration

The Eighth Ministerial Conference is held in Ulaanbaatar, Mongolia

CAREC 2020, the strategic framework for expanding trade and improving competitiveness beyond Eurasia, is endorsed by ministers

The Tenth Ministerial Conference, in Baku, Azerbaijan, highlights achievements of CAREC's first decade

The CAREC Development Partners' Forum is held

The CAREC Transport and Trade Facilitation Strategy 2020 is approved at the 12th Ministerial Conference, in Astana, Kazakhstan. It calls for an integrated approach encompassing multimodal transport and improved logistics, more links with gateway ports, and better border-crossing services. CAREC corridors are extended into Pakistan and Turkmenistan

The Transport and Trade Facilitation Strategy Implementation Action Plan comprises 108 investment projects of \$38.8 billion

The new Trade Policy Strategic Action Plan 2013–2017 is approved, focusing on continued liberalization, accession to WTO, and greater trade in services

The CAREC ministers approve establishing a physical base for the CAREC Institute in Urumqi, PRC

By 2014, 158 CAREC-related projects represent investment of about \$24.6 billion



The Central Asia Regional Economic Cooperation Program

The Central Asia Regional Economic Cooperation (CAREC) Program is a practical, project-based, and results-oriented partnership that promotes and facilitates regional cooperation in transport, trade, and energy. CAREC has 10 member countries: Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. Six multilateral institution partners support CAREC's work: the Asian Development Bank (ADB), European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank. ADB serves as the CAREC Secretariat.

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2014